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June 9, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Attorney General:

AG-4-4      AG-4-6      AG-4-14      AG-4-16

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)  
A. John Sullivan, DTE (7 copies)  
Andreas Thanos, Ass't Director, Gas Division  
Alexander Cochis, Assistant Attorney General (4 copies)  
Service List

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FOURTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 9, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-4-4      Please provide the workpapers, calculations, formulas, assumptions, and supporting documentation used to allocate the pension assets, liabilities, and costs to, from and between the Company's distribution function, the service company, the holding company, and any other businesses, including subsidiaries. Please also provide a five-year history of the dollar amount and the percentage of pension cost allocated.

Response:    Objection: The Company objects to this question as being overly broad and vague. Notwithstanding this object, and based on the Company's interpretation of the question, the information requested is not readily available. All NiSource Corporate Service Company ("NCSC") benefit expenses, including pensions, are allocated in their entirety, to each affiliate based on each NCSC department's direct and allocated labor costs for each month. For example, if my department, Total Rewards, charges 7% of its labor to Bay State in June 2004, then 7% of the amount of NCSC's total benefit expenses allocated to my department in that month would be allocated to Bay State.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FOURTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 9, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-4-6 Please provide copies of the workpapers, calculations, formulas, assumptions, and supporting documentation including charts of account and journal entries for the Pension Cost Charged to Capital. Please also provide a five-year history of the dollar amount and the percentage of pension cost charged to capital accounts.

Response: The pension costs (including SERP pension) that were capitalized for the requested years were as follows:

\$842,918	2004
\$884,887	2003
\$217,284	2002
(\$20,879)	2001
\$87,689	2000

Attachments AG-4-6 (A) through (E) detail the calculation of the Pension costs charged to capital in years 2004, 2003, 2002, 2001 and 2000, respectively.

Using Attachment (A) detailing the 2004 calculation – the various payroll/benefit costs are divided by the total estimated payroll to determine overhead rates on the left side of the spreadsheet. The pension costs of \$4,087,000 divided by the \$35,805,000 payroll equates to a 11.41% overhead rate for pensions.

The estimated capital payroll costs are detailed on the top right side of the spreadsheet. The total estimated capital payroll was \$7,386,121.

The total pension capitalized is \$7,386,121 times 11.41% (with some rounding) or \$842,918.

The entry to record the 2004 capitalization is as follows:

CWIP Account 107	\$842,918
Admin expense transferred Account 922	\$842,918

BAY STATE GAS COMPANY  
EMPLOYEE BENEFITS  
2004

BAY STATE  
CAPITALIZED OVERHEADS

forecast

SOURCE	DESCRIPTION	AMOUNT	TOTAL	PERCENT
GL800	TOTAL PAYROLL 2004	\$35,805,000		100.00%
	PENSIONS:			
926-01	EMPL BENEFITS-PENSIONS	\$4,087,000		
	TOTAL PENSIONS		\$4,087,000	11.41%
	GROUP INSURANCE & OTHER:			
926-00	FRINGE BENEFIT OTHER			
926-02	GROUP HEALTH	\$4,151,000		
926-03	GROUP LIFE	\$154,000		
926-04	SAFETY EQUIPMENT			
926-05	PHYSICALS/MERCER			
926-06	MEDICARE			
926-08	L/T DISABILITY	\$146,000		
926-09	HMO HEALTH INS			
926-10-20	SAFETY EQUIPMENT			
926-11	PRESCRIP DRUG INS			
926-12	DENTAL INS	\$345,000		
926-13	COMPANY 401K MATCH	\$775,000		
926-14	COMPANY SAVINGS PLAN			
926-18	POST RET BENEFITS EST.	\$3,618,000		
926-19	DEPENDENT CARE			
926-22-26	STOCK PROGRAM/SERVERANCE			
923-81	BENEFIT CHOICE DEDUCTIONS			
	TOTAL GROUP INSURANCE & OTHER		\$9,189,000	25.66%
	PAYROLL LIABILITY INSURANCE:			
925-00	INJURIES & DAMAGES - MISC			
925-01	PAYROLL LIABILITY			
925-02	EXCESS LIABILITY			
925-03-04	SAFETY/ACC PREVENTION			
925-06	WORKER'S COMPENSATION	\$900,000		
925-07	GENERAL LIABILITY			
925-08	AUTO LIABILITY			
925-09	EXCESS AEGIS			
925-10	OTHER COVERAGE			
	TOTAL PAYROLL LIABILITY I	0	\$900,000	2.51%
	PAYROLL TAXES:			
408-13	FEDERAL UNEMPLOYMENT	\$32,972		
408-14	F.I.C.A.	\$2,662,582		
408-16	MA STATE HEALTH(CO PORTN)			
408-22	HOSP INS. EXP(FED)			
408-25	STATE UNEMPLOYMENT	\$228,612		
	TOTAL PAYROLL TAXES		\$2,924,166	8.17%
	TOTAL BENEFITS		\$17,100,166	47.75%
	CAPITAL BENEFITS		\$3,527,549	20.63%
	TOTAL DIRECT PAYROLL - CWIP #107		\$3,495,121	
	CAP FR AS A % OF DIRECT PAY			100.93%

SOURCE	DESCRIPTION	BROCKTON	SPRINGFIELD	LAWRENCE	WESTBORO	TOTAL
	PAYROLL CAPITALIZED:					
GL800	DEF DR-CAP OF O/H #185	\$1,250,000	\$1,190,000	\$378,000	\$1,073,000	\$3,891,000
GL800	COSTRUCTION W.I.P. #107	\$1,627,084	\$1,458,210	\$409,827	\$0	\$3,495,121
GL800	COST OF REMOVAL # 254				\$0	\$0
	SUB TOTAL	\$2,877,084	\$2,648,210	\$787,827	\$1,073,000	\$7,386,121
	DIV AS % OF TOTAL	45.57%	41.95%	12.48%	0.00%	100.00%
	WESTBORO PAYROLL ALLOC	\$488,999	\$450,099	\$133,902	(\$1,073,000)	\$0
	BASED ON DIV % OF TOT					
	Total Capital Less C Of R	\$3,366,083	\$3,098,309	\$921,729	\$0	\$7,386,121
	20.63% TOTAL CAPITAL PAYROLL	45.57%	41.95%	12.48%	0.00%	100.00%
	Capital Labor %	1,607,613	1,479,726	440,210	0	3,527,549
	Cap Benfits For Cap Pay					
	EMPLOYEE BENEFITS CAPITALIZED BASED ON CALCULATED PERCENTAGES:					
11.41%	PENSIONS	384,144	353,585	105,189	0	842,918
25.66%	GROUP INSURANCE	863,903	795,179	236,561	0	1,895,642
2.51%	PAYROLL LIABILITY	84,505	77,782	23,140	0	185,427
8.17%	PAYROLL TAXES	275,062	253,180	75,320	0	603,562
47.75%	TOT CAP EMPL BENE CALC	1,607,613	1,479,726	440,210	0	3,527,549
	Monthly Effect on Inc. Stmt	133,968	123,311	36,684	0	293,962
	Monthly JE					
	PENSIONS	32,012	29,465	8,766	0	70,243
	GROUP INSURANCE	71,992	66,265	19,713	0	157,970
	PAYROLL LIABILITY	7,042	6,482	1,928	0	15,452
	PAYROLL TAXES	22,922	21,098	6,277	0	50,297
	Balance Sheet - Capital Overhea	(133,968)	(123,311)	(36,684)	0	(293,962)
	Fringe Benefits as a Percentage of Direct Labor					
CM20	Percentage	98.80%	101.48%	107.41%	#DIV/0!	100.93%
	Total Indirect Payroll	\$988,984	\$977,187	\$292,931	\$0	\$2,259,102
	Westboro Allocation	488,999	450,099	133,902		
	Total Indirect Labor	\$1,477,983	\$1,427,286	\$426,833	\$0	\$2,259,102
	% of Indirect Labor of DL	90.84%	97.88%	104.15%	#DIV/0!	64.64%
	Total Non Productive	\$261,016	\$212,813	\$85,069	\$0	\$558,898
	Total	\$261,016	\$212,813	\$85,069	\$0	\$558,898
	% of Non-Prod Labor of DL	16.04%	14.59%	20.76%	#DIV/0!	15.99%
	Total Indirect %	106.88%	112.47%	124.91%	#DIV/0!	80.63%
	Ind. Lab. & Non-prod. based on G/L breakdown					
	% Breakdown of Westboro Indirect Lab.					
	Mass:					
	New Hamp.					
	Maine					
	TOTAL			\$367,200		

Amount of Pension and SERP pension capitalized

Amount of total group insurance and other capitalized - OPEB is 39.373% of this total - or \$746,380.

BAY STATE GAS COMPANY  
EMPLOYEE BENEFITS  
2003

BAY STATE  
CAPITALIZED OVERHEADS

SOURCE	DESCRIPTION	AMOUNT	TOTAL	PERCENT
GL800	TOTAL PAYROLL 2003	\$31,547,000		100.00%
	PENSIONS:			
926-01	EMPL BENEFITS-PENSIONS	\$4,161,132		
	TOTAL PENSIONS		\$4,161,132	13.19%
	GROUP INSURANCE & OTHER:			
926-00	FRINGE BENEFIT OTHER			
926-02	GROUP HEALTH	\$3,970,000		
926-03	GROUP LIFE	\$185,000		
926-04	SAFETY EQUIPMENT			
926-05	PHYSICALS/MERCER	\$68,000		
926-06	MEDICARE			
926-08	L/T DISABILITY	\$181,000		
926-09	HMO HEALTH INS			
926-10-20	SAFETY EQUIPMENT			
926-11	PRESCRIP DRUG INS			
926-12	DENTAL INS	\$358,000		
926-13	COMPANY 401K MATCH	\$1,024,000		
926-14	COMPANY SAVINGS PLAN			
926-18	POST RET BENEFITS EST.	\$3,587,000		
926-19	DEPENDENT CARE			
926-22-26	STOCK PROGRAM/SERVERANCE			
923-81	BENEFIT CHOICE DEDUCTIONS			
	TOTAL GROUP INSURANCE & OTHER		\$9,373,000	29.71%
	PAYROLL LIABILITY INSURANCE:			
925-00	INJURIES & DAMAGES - MISC			
925-01	PAYROLL LIABILITY			
925-02	EXCESS LIABILITY			
925-03-04	SAFETY/ACC PREVENTION			
925-06	WORKER'S COMPENSATION			
925-07	GENERAL LIABILITY	\$1,363,000		
925-08	AUTO LIABILITY			
925-09	EXCESS AEGIS			
925-10	OTHER COVERAGE			
	TOTAL PAYROLL LIABILITY INSURANCE		\$1,363,000	4.32%
	PAYROLL TAXES:			
408-13	FEDERAL UNEMPLOYMENT			
408-14	F.I.C.A.	\$2,596,318		
408-16	MA STATE HEALTH(CO PORTN)			
408-22	HOSP INS. EXP(FED)			
408-25	STATE UNEMPLOYMENT			
	TOTAL PAYROLL TAXES		\$2,596,318	8.23%
	TOTAL BENEFITS		\$17,493,450	55.45%
	CAPITAL BENEFITS		\$3,720,016	21.27%
	TOTAL DIRECT PAYROLL - CWIP #107		\$3,188,530	
	CAP FR AS A % OF DIRECT PAY			116.67%

SOURCE	DESCRIPTION	BROCKTON	SPRINGFIELD	LAWRENCE	WESTBORO	TOTAL
	PAYROLL CAPITALIZED:					
GL800	DEF DR-CAP OF O/H #185	\$1,721,000	\$1,314,000	\$563,000	(\$78,000)	\$3,520,000
GL800	COSTRUCTION W.I.P. #107	\$1,598,772	\$1,219,012	\$370,746		\$3,188,530
GL800	COST OF REMOVAL # 254				\$0	\$0
	SUB TOTAL	\$3,319,772	\$2,533,012	\$933,746	(\$78,000)	\$6,708,530
	DIV AS % OF TOTAL	48.92%	37.32%	13.76%	0.00%	100.00%
	WESTBORO PAYROLL ALLOC	(\$38,155)	(\$29,113)	(\$10,732)	\$78,000	\$0
	BASED ON DIV % OF TOT					
	Total Capital Less C Of R	\$3,281,617	\$2,503,899	\$923,014	\$0	\$6,708,530
21.27%	TOTAL CAPITAL PAYROLL	48.92%	37.32%	13.76%	0.00%	100.00%
	Capital Labor %	1,819,723	1,388,463	511,830	0	3,720,016
	Cap Benfts For Cap Pay					
	EMPLOYEE BENEFITS CAPITALIZED BASED ON CALCULATED PERCENTAGES:					
13.19%	PENSIONS	432,861	330,276	121,750	0	884,887
29.71%	GROUP INSURANCE	975,004	743,936	274,238	0	1,993,177
4.32%	PAYROLL LIABILITY	141,771	108,172	39,876	0	289,819
8.23%	PAYROLL TAXES	270,087	206,078	75,967	0	552,132
55.45%	TOT CAP EMPL BENE CALC	1,819,723	1,388,463	511,830	0	3,720,016
	Monthly Effect on Inc. Stmt	151,644	115,705	42,653	0	310,001
	Monthly JE					
	PENSIONS	36,072	27,523	10,146	0	73,741
	GROUP INSURANCE	81,250	61,995	22,853	0	166,098
	PAYROLL LIABILITY	11,814	9,014	3,323	0	24,152
	PAYROLL TAXES	22,507	17,173	6,331	0	46,011
	Balance Sheet - Capital Overhead	(151,644)	(115,705)	(42,653)	0	(310,001)
	Fringe Benefits as a Percentage of Direct Labor					
CM20	Percentage	113.82%	113.90%	138.05%	#DIV/0!	116.67%
	Total Indirect Payroll	\$1,187,000	\$791,000	\$426,000	\$0	\$2,404,000
	Total Indirect %	85.74%	89.04%	124.51%	#DIV/0!	91.51%
	Total Indirect Labor	\$836,835	\$562,401	\$324,612	\$0	\$1,723,848
	% of Indirect Labor of DL	52.34%	46.14%	87.56%	#DIV/0!	54.06%
	Total Non Productive	\$534,000	\$523,000	\$137,000	\$0	\$1,194,000
	Total	\$534,000	\$523,000	\$137,000	\$0	\$1,194,000
	% of Non-Prod Labor of DL	33.40%	42.90%	36.95%	#DIV/0!	37.45%

Ind. Lab. & Non-prod. based on G/L breakdown  
% Breakdown of Westboro Indirect Lab.

Mass:	\$0
New Hamp.	\$0
Maine	\$0
TOTAL	\$0

Pension and SERP

Amount of total group insurance and other capitalized - OPEB is 38.27% of total or \$762,779

BAY STATE GAS COMPANY  
EMPLOYEE BENEFITS  
Dec 2002

BAY STATE  
CAPITALIZED OVERHEADS

SOURCE	DESCRIPTION	AMOUNT	TOTAL	PERCENT
GL800	<b>TOTAL PAYROLL 2002</b>	<b>\$36,012,700</b>		<b>100.00%</b>
	<b>PENSIONS:</b>			
926-01	EMPL BENEFITS-PENSIONS	\$1,116,853		
	<b>TOTAL PENSIONS</b>		<b>\$1,116,853</b>	<b>3.10%</b>
	<b>GROUP INSURANCE &amp; OTHER:</b>			
926-00	FRINGE BENEFIT OTHER	\$381,276		
926-02	GROUP HEALTH	\$3,926,211		
926-03	GROUP LIFE	\$302,044		
926-04	SAFETY EQUIPMENT	\$91,131		
926-05	PHYSICALS/MERCER	\$20,856		
926-06	MEDICARE	\$10,552		
926-08	L/T DISABILITY	\$183,889		
926-09	HMO HEALTH INS	\$37,639		
926-10-20	SAFETY EQUIPMENT			
926-11	PRESCRIP DRUG INS	\$31,924		
926-12	DENTAL INS	\$410,153		
926-13	COMPANY 401K MATCH	\$949,005		
926-14	COMPANY SAVINGS PLAN	\$6,807		
926-18	POST RET BENEFITS EST.	\$3,121,121		
926-19	DEPENDENT CARE			
926-22-26	STOCK PROGRAM/SERVERANCE			
923-81	BENEFIT CHOICE DEDUCTIONS	\$1,131,063		
	<b>TOTAL GROUP INSURANCE &amp; OTHER</b>		<b>\$10,603,671</b>	<b>29.44%</b>
	<b>PAYROLL LIABILITY INSURANCE:</b>			
925-00	INJURIES & DAMAGES - MISC	\$331,335		
925-01	PAYROLL LIABILITY	\$0		
925-02	EXCESS LIABILITY			
925-03-04	SAFETY/ACC PREVENTION	\$33,282		
925-06	WORKER'S COMPENSATION	\$219,069		
925-07	GENERAL LIABILITY			
925-08	AUTO LIABILITY	\$68,000		
925-09	EXCESS AEGIS	\$115,945		
925-10	OTHER COVERAGE	\$526,030		
	<b>TOTAL PAYROLL LIABILITY I</b>	<b>0</b>	<b>\$1,293,661</b>	<b>3.59%</b>
	<b>PAYROLL TAXES:</b>			
408-13	FEDERAL UNEMPLOYMENT	\$38,000		
408-14	F.I.C.A.	\$2,191,994		
408-16	MA STATE HEALTH(CO PORTN)			
408-22	HOSP INS. EXP(FED)	\$533,409		
408-25	STATE UNEMPLOYMENT	\$199,187		
	<b>TOTAL PAYROLL TAXES</b>		<b>\$2,962,590</b>	<b>8.23%</b>
	<b>TOTAL BENEFITS</b>		<b>\$15,976,775</b>	<b>44.36%</b>
	<b>CAPITAL BENEFITS</b>		<b>\$3,109,271</b>	<b>19.46%</b>
	<b>TOTAL DIRECT PAYROLL - CWIP #107</b>		<b>\$4,188,920</b>	
	<b>CAP FR AS A % OF DIRECT PAY</b>			<b>74.23%</b>

SOURCE	DESCRIPTION	BROCKTON	SPRINGFIELD	LAWRENCE	WESTBORO	TOTAL
<b>PAYROLL CAPITALIZED:</b>						
GL800	DEF DR-CAP OF O/H #185	\$891,097	\$887,868	\$364,822	\$324,739	\$2,468,526
GL800	COSTRUCTION W.I.P. #107	\$1,770,712	\$1,857,852	\$508,832	\$51,524	\$4,188,920
GL800	COST OF REMOVAL # 254	\$200,055	\$122,565	\$28,435		\$351,055
	<b>SUB TOTAL</b>	<b>\$2,861,864</b>	<b>\$2,868,285</b>	<b>\$902,089</b>	<b>\$376,263</b>	<b>\$7,008,501</b>
	DIV AS % OF TOTAL	43.15%	43.25%	13.60%	0.00%	100.00%
	WESTBORO PAYROLL ALLOC	\$140,127	\$140,442	\$44,170	(\$324,739)	\$0
	BASED ON DIV % OF TOT					
	<b>Total Capital Less C Of R</b>					
19.46%	<b>TOTAL CAPITAL PAYROLL</b>	<b>\$3,001,991</b>	<b>\$3,008,727</b>	<b>\$946,259</b>	<b>\$51,524</b>	<b>\$7,008,501</b>
	<b>Capital Labor %</b>	<b>42.83%</b>	<b>42.93%</b>	<b>13.50%</b>	<b>0.74%</b>	<b>100.00%</b>
	<b>Cap Benfits For Cap Pay</b>	<b>1,331,812</b>	<b>1,334,800</b>	<b>419,801</b>	<b>22,858</b>	<b>3,109,271</b>
<b>EMPLOYEE BENEFITS CAPITALIZED BASED ON CALCULATED PERCENTAGES:</b>						
3.10%	PENSIONS	93,071	93,280	29,337	1,597	217,284
29.44%	GROUP INSURANCE	883,872	885,855	278,605	15,170	2,063,502
3.59%	PAYROLL LIABILITY	107,782	108,024	33,974	1,850	251,629
8.23%	PAYROLL TAXES	247,088	247,642	77,885	4,241	576,855
44.36%	<b>TOT CAP EMPL BENE CALC</b>	<b>1,331,812</b>	<b>1,334,800</b>	<b>419,801</b>	<b>22,858</b>	<b>3,109,271</b>
	Monthly Effect on Inc. Stmt	110,984	111,233	34,983	1,905	259,106
<b>Monthly JE</b>						
	PENSIONS	7,756	7,773	2,445	133	18,107
	GROUP INSURANCE	73,656	73,821	23,217	1,264	171,958
	PAYROLL LIABILITY	8,982	9,002	2,831	154	20,969
	PAYROLL TAXES	20,591	20,637	6,490	353	48,071
	Balance Sheet - Capital Overhead	(110,984)	(111,233)	(34,983)	(1,905)	(259,106)
<b>Fringe Benefits as a Percentage of Direct Labor</b>						
CM20 Percentage		<b>75.21%</b>	<b>71.85%</b>	<b>82.50%</b>	<b>44.36%</b>	<b>74.23%</b>
	Total Indirect Payroll	\$1,031,224	\$1,028,310	\$408,992	\$0	\$2,468,526
	Total Indirect %	58.24%	55.35%	80.38%	0.00%	58.93%
	Total Indirect Labor	\$727,013	\$731,128	\$311,652	\$0	\$1,769,793
	<b>% of Indirect Labor of DL</b>	<b>41.06%</b>	<b>39.35%</b>	<b>61.25%</b>	<b>0.00%</b>	<b>42.25%</b>
	Total Non Productive	\$304,211	\$297,182	\$97,340	\$0	\$698,733
	Total	\$304,211	\$297,182	\$97,340	\$0	\$698,733
	<b>% of Non-Prod Labor of DL</b>	<b>17.18%</b>	<b>16.00%</b>	<b>19.13%</b>	<b>0.00%</b>	<b>16.68%</b>
Ind. Lab. & Non-prod. based on G/L breakdown						
% Breakdown of Westboro Indirect Lab.						
	Mass:			\$324,739		
	New Hamp.			\$45,552		
	Maine			\$24,296		
	TOTAL			\$394,587		

Amount of Pension  
and Serp capitalized

Amount of total group  
insurance and other  
capitalized - OPEB is  
29.43% of total or  
\$607,288

BAY STATE GAS COMPANY  
EMPLOYEE BENEFITS  
12 MONTHS ROLLING

BAY STATE GAS COMPANY  
CAPITALIZED OVERHEADS  
Based upon 12 Month Rolling 12/01

SOURCE	DESCRIPTION	AMOUNT	TOTAL	PERCENT
GL800	<b>TOTAL PAYROLL 12/01</b>	<b>\$49,214,013</b>		<b>100.00%</b>
	Adj for serv and lx chgs			
	<b>PENSIONS:</b>			
926-01	EMPL BENEFITS-PENSIONS	(\$123,983)		
	<b>TOTAL PENSIONS</b>		<b>(\$123,983)</b>	<b>-0.25%</b>
	<b>GROUP INSURANCE &amp; OTHER:</b>			
926-00	FRINGE BENEFIT OTHER	\$251,076		
926-02	GROUP HEALTH	\$915,915		
926-03	GROUP LIFE	\$224,217		
926-04	SAFTY EQUIPMENT	\$81,226		
926-05	PHYSICALS	\$74,204		
926-06	MEDICARE	\$11,890		
926-08	L/T DISABILITY	\$134,132		
926-09	HMO HEALTH INS	\$2,697,469		
926-07,11	MOVING EXP AND PRESCRIPT	\$113,541		
926-12	DENTAL INSURANCE	\$360,411		
926-13	COMPANY 401k - MEDICAL	\$240,009		
926-14	COMPANY SAVINGS	\$788,959		
926-15,16,1	COBRA INS	(\$101,596)		
926-18	POST RET BENEFITS EST.	\$1,195,253		
926-19	DEPENDANT CARE	\$4,230		
926-20,10	SAFTY EQUIPMENT	\$24,582		
926-22,26	NISOURCE STOCK, SEVERANCE	\$292,020		
926-80,81	BENEFIT CHOICE PAY DEDUCT.	(\$245,417)		
	<b>TOTAL GROUP INSURANCE &amp; OTHER</b>		<b>\$7,062,121</b>	<b>14.35%</b>
	<b>PAYROLL LIABILITY INSURANCE:</b>			
925-00	INJURIES & DAMAGES - MISC	\$0		
925-01	PAYROLL LIABILITY	\$0		
925-02	EXCESS LIABILITY	\$0		
925-05,04	SAFETY/ACCID PREV & DAMAGE CL	\$17,175		
925-06	WORKER'S COMPENSATION	\$534,821		
925-07	GENERAL LIABILITY	(\$738,399)		
925-08	AUTO LIABILITY	(\$41,000)		
925-09	EXCESS AEGIS	\$164,825		
925-10	OTHER COVERAGE	\$685,846		
	<b>TOTAL PAYROLL LIABILITY INSURANCE</b>		<b>\$623,268</b>	<b>1.27%</b>
	<b>PAYROLL TAXES:</b>			
408-13	FEDERAL UNEMPLOYMENT	\$46,428		
408-14	F.I.C.A.	\$2,659,356		
408-16	MA STATE HEALTH (CO PORTN)	\$13,408		
408-22	HOSP INS. EXP (FED)	\$687,498		
408-25	STATE UNEMPLOYMENT	\$235,580		
	<b>TOTAL PAYROLL TAXES</b>		<b>\$3,642,270</b>	<b>7.40%</b>
	<b>TOTAL BENEFITS</b>		<b>\$11,203,676</b>	<b>22.77%</b>
	<b>CAPITAL BENEFITS</b>		<b>\$1,901,697</b>	<b>16.97%</b>
	<b>TOTAL DIRECT PAYROLL - CWIP #107</b>		<b>\$4,673,663</b>	
	<b>CAP FR AS A % OF DIRECT PAY</b>			<b>40.69%</b>

SOURCE	DESCRIPTION	BROCKTON	SPRINGFIELD	LAWRENCE	WESTBORO	TOTAL
	<b>PAYROLL CAPITALIZED:</b>					
GL800	DEF DR-CAP OF O/H #185	\$1,347,758	\$1,282,427	\$390,278	\$232,164	\$3,252,627
GL800	COSTRUCTION W.I.P. #107	\$1,843,451	\$1,749,852	\$583,603	\$496,757	\$4,673,663
GL800	COST OF REMOVAL # 254	\$193,945	\$200,619	\$32,669	\$0	\$427,233
	<b>SUB TOTAL</b>	<b>\$3,385,154</b>	<b>\$3,232,898</b>	<b>\$1,006,550</b>	<b>\$728,921</b>	<b>\$8,353,523</b>
	DIV AS % OF TOTAL	44.40%	42.40%	13.20%	0.00%	100.00%
	WESTBORO PAYROLL ALLOC	\$103,076	\$98,440	\$30,649	(\$232,164)	\$0
	BASED ON DIV % OF TOT					
	<b>Total Capital Less C Of R</b>	<b>\$3,488,230</b>	<b>\$3,331,337</b>	<b>\$1,037,199</b>	<b>\$496,757</b>	<b>\$8,353,523</b>
	<b>16.97% TOTAL CAPITAL PAYROLL</b>					
	<b>Capital Labor %</b>	41.76%	39.88%	12.42%	5.95%	100.00%
	<b>Cap Benfits For Cap Pay</b>	<b>794,103</b>	<b>758,386</b>	<b>236,121</b>	<b>113,088</b>	<b>1,901,697</b>
	<b>EMPLOYEE BENEFITS CAPITALIZED BASED ON CALCULATED PERCENTAGES:</b>					
-0.25%	PENSIONS	(8,719)	(8,327)	(2,592)	(1,242)	(20,879)
14.35%	GROUP INSURANCE	500,456	477,946	148,807	71,270	1,198,479
1.27%	PAYROLL LIABILITY	44,291	42,299	13,170	6,307	106,067
7.40%	PAYROLL TAXES	258,075	246,467	76,737	36,752	618,031
22.77%	<b>TOT CAP EMPL BENE CALC</b>	<b>794,103</b>	<b>758,386</b>	<b>236,121</b>	<b>113,088</b>	<b>1,901,697</b>
	Monthly Effect on Inc. Stmt	66,175	63,199	19,677	9,424	158,475
	<b>Monthly JE</b>					
	PENSIONS	(727)	(694)	(216)	(103)	(1,740)
	GROUP INSURANCE	41,705	39,829	12,401	5,939	99,873
	PAYROLL LIABILITY	3,691	3,525	1,097	526	8,839
	PAYROLL TAXES	21,506	20,539	6,395	3,063	51,503
	Balance Sheet - Capital Overhead	(66,175)	(63,199)	(19,677)	(9,424)	(158,475)
	<b>Fringe Benefits as a Percentage of Direct Labor</b>					
	CM20 Percentage	<b>43.08%</b>	<b>43.34%</b>	<b>40.46%</b>	<b>22.77%</b>	<b>40.69%</b>
	Total Indirect Payroll	\$1,450,834	\$1,380,866	\$420,927	\$0	\$3,252,627
	Total Indirect %	78.70%	78.91%	72.13%	0.00%	69.59%
	Total Indirect Labor	\$1,022,838	\$981,796	\$320,746	\$0	\$2,325,380
	<b>% of Indirect Labor of DL</b>	<b>55.48%</b>	<b>56.11%</b>	<b>54.96%</b>	<b>0.00%</b>	<b>49.75%</b>
	Total Non Productive	\$427,996	\$399,070	\$100,181	\$0	\$927,247
	Total	\$427,996	\$399,070	\$100,181	\$0	\$927,247
	<b>% of Non-Prod Labor of DL</b>	<b>23.22%</b>	<b>22.81%</b>	<b>17.17%</b>	<b>0.00%</b>	<b>19.84%</b>
	Ind. Lab. & Non-prod. based on G/L breakdown					
	% Breakdown of Westboro Indirect Lab.	Mass:	\$232,164			
		New Hamp.	\$51,931			
		Maine	\$21,384			
		TOTAL	\$305,479			

Amount of Pension  
and SERP pension  
capitalized

Amount of total group  
insurance and other  
capitalized - OPEB is  
16.92% or \$202,783

BAY STATE GAS COMPANY  
EMPLOYEE BENEFITS  
12 MONTHS ROLLING

BAY STATE GAS COMPANY  
CAPITALIZED OVERHEADS  
Calendar 2000 - Based upon 12 Month Rolling 12/00

12 Months Ended December 31, 2000

SOURCE	DESCRIPTION	AMOUNT	TOTAL	PERCENT
GL800	TOTAL PAYROLL 12/00	\$53,585,719		100.00%
PENSIONS:				
926-01	EMPL BENEFITS-PENSIONS	\$554,870		
	TOTAL PENSIONS		\$554,870	1.04%
GROUP INSURANCE & OTHER:				
926-00	FRINGE BENEFIT OTHER	\$440,231		
926-02	GROUP HEALTH	\$1,037,653		
926-03	GROUP LIFE	\$214,544		
926-04	SAFTY EQUIPMENT	\$82,805		
926-05	PHYSICALS	\$36,352		
926-06	MEDICARE	\$12,738		
926-08	L/T DISABILITY	(\$690,171)		
926-09	HMO HEALTH INS	\$2,658,376		
926-07,11	MOVING EXP AND PRESCRIPT	\$19,006		
926-12	DENTAL INSURANCE	\$375,696		
926-13	COMPANY 401k - MEDICAL	\$314,630		
926-14	COMPANY SAVINGS	\$807,914		
926-15,16,17	COBRA INS	(\$127,131)		
926-18	POST RET BENEFITS EST.	\$1,117,024		
926-19	DEPENDANT CARE	\$7,506		
926-20,10	SAFTY EQUIPMENT	\$25,916		
926-22,26	NISOURCE STOCK, SEVERANCE	\$1,605,199		
926-80,81	BENEFIT CHOICE PAY DEDUCT.	(\$287,117)		
	TOTAL GROUP INSURANCE & OTHER		\$7,651,172	14.28%
PAYROLL LIABILITY INSURANCE:				
925-00	INJURIES & DAMAGES - MISC	\$0		
925-01	PAYROLL LIABILITY	\$0		
925-02	EXCESS LIABILITY	\$0		
925-05,04	SAFETY/ACCID PREV & DAMAGE CI	\$20,028		
925-06	WORKER'S COMPENSATION	\$681,900		
925-07	GENERAL LIABILITY	(\$422,463)		
925-08	AUTO LIABILITY	\$148,450		
925-09	EXCESS AEGIS	\$133,588		
925-10	OTHER COVERAGE	\$101,452		
	TOTAL PAYROLL LIABILITY INSURANCE		\$662,954	1.24%
PAYROLL TAXES:				
408-13	FEDERAL UNEMPLOYMENT	\$49,278		
408-14	F.I.C.A.	\$2,769,777		
408-16	MA STATE HEALTH(CO PORTN)	\$14,718		
408-22	HOSP INS. EXP(FED)	\$717,775		
408-25	STATE UNEMPLOYMENT	\$301,422		
	TOTAL PAYROLL TAXES		\$3,852,970	7.19%
	TOTAL BENEFITS		\$12,721,966	23.75%
	CAPITAL BENEFITS		\$2,002,511	15.74%
	TOTAL DIRECT PAYROLL - CWIP #107		\$3,616,889	
	CAP FR AS A % OF DIRECT PAY			55.37%

SOURCE	DESCRIPTION	BROCKTON	SPRINGFIELD	LAWRENCE	WESTBORO	TOTAL
PAYROLL CAPITALIZED:						
GL800	DEF DR-CAP OF O/H #185	\$2,086,114	\$1,648,559	\$476,067	\$301,811	\$4,512,551
GL800	COSTRUCTION W.I.P. #107	\$1,657,915	\$1,123,959	\$394,246	\$440,768	\$3,616,889
GL800	COST OF REMOVAL # 254	\$184,465	\$100,048	\$20,751	\$0	\$305,264
	SUB TOTAL	\$3,928,494	\$2,872,567	\$891,064	\$742,579	\$8,434,704
	DIV AS % OF TOTAL	51.07%	37.34%	11.58%	0.00%	100.00%
	WESTBORO PAYROLL ALLOC	\$154,140	\$112,709	\$34,962	(\$301,811)	\$0
	BASED ON DIV % OF TOT					
	Total Capital Less C Of R					
15.74%	TOTAL CAPITAL PAYROLL	\$4,082,634	\$2,985,276	\$926,026	\$440,768	\$8,434,704
	Capital Labor %	48.40%	35.39%	10.98%	5.23%	100.00%
	Cap Benfits For Cap Pay	969,272	708,744	219,851	104,644	2,002,511
EMPLOYEE BENEFITS CAPITALIZED BASED ON CALCULATED PERCENTAGES:						
1.04%	PENSIONS	42,444	31,036	9,627	4,582	87,689
14.28%	GROUP INSURANCE	582,787	426,142	132,188	62,919	1,204,036
1.24%	PAYROLL LIABILITY	50,606	37,004	11,479	5,464	104,552
7.19%	PAYROLL TAXES	293,434	214,563	66,557	31,680	606,234
23.75%	TOT CAP EMPL BENE CALC	969,272	708,744	219,851	104,644	2,002,511
	Monthly Effect on Inc. Stmt	80,773	59,062	18,321	8,720	166,876
Monthly JE						
	PENSIONS	3,537	2,586	802	382	7,307
	GROUP INSURANCE	48,566	35,512	11,016	5,243	100,336
	PAYROLL LIABILITY	4,217	3,084	957	455	8,713
	PAYROLL TAXES	24,453	17,880	5,546	2,640	50,519
	Balance Sheet - Capital Overhead	(80,773)	(59,062)	(18,321)	(8,720)	(166,876)
Fringe Benefits as a Percentage of Direct Labor						
CM20 Percentage		58.46%	63.06%	55.76%	23.74%	55.37%
Total Indirect Payroll						
	Total Indirect %	\$2,240,254	\$1,761,268	\$511,029	\$0	\$4,512,551
		135.12%	156.70%	129.62%	0.00%	124.76%
Total Indirect Labor						
	% of Indirect Labor of DL	\$1,579,379	\$1,252,262	\$389,404	\$0	\$3,221,044
		95.26%	111.42%	98.77%	0.00%	89.06%
Total Non Productive						
	Total	\$660,875	\$509,006	\$121,625	\$0	\$1,291,506
	% of Non-Prod Labor of DL	\$660,875	\$509,006	\$121,625	\$0	\$1,291,506
		39.86%	45.29%	30.85%	0.00%	35.71%

Ind. Lab. & Non-prod. based on G/L breakdown  
% Breakdown of Westboro Indirect Lab.

Mass:	\$366,790
New Hamp.	\$73,834
Maine	\$35,727
TOTAL	\$476,351

Amount of Pension  
and SERP pension  
capitalized

Amount of total group  
insurance and other  
capitalized - OPEB is  
14.6% or \$175,789



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FOURTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 9, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-4-14      Please provide the workpapers, calculations, formulas, assumptions, and supporting documentation used to allocate the Post-Retirement Benefits Other Than Pension assets, liabilities, and costs to, from and between the Company's distribution function, the service company, the holding company, and any other businesses, including subsidiaries. Please also provide a five-year history of the dollar amount and the percentage of Post-Retirement Benefits Other Than Pension cost allocated.

Response:    Objection: The Company objects to this question as being overly broad and vague. Notwithstanding this object, and based on the Company's interpretation of the question, the information requested is not readily available. All NiSource Corporate Service Company ("NCSC") benefit expenses, including Post-Retirement Benefits Other Than Pensions ("PBOP"), are allocated in their entirety, to each affiliate based on each NCSC department's direct and allocated labor costs for each month. For example, if my department, Total Rewards, charges 7% of its labor to Bay State in June 2004, then 7% of the amount of NCSC's total benefit expenses allocated to my department in that month would be spread to Bay State.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FOURTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 9, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-4-16 Please provide copies of the workpapers, calculations, formulas, assumptions, and supporting documentation including charts of account and journal entries for the Post-Retirement Benefits Other Than Pension Cost Charged to Capital. Please also provide a five-year history of the dollar amount and the percentage of Post- Retirement Benefits Other Than Pension cost charged to capital accounts.

Response: The PBOP costs capitalized were as follows:

\$746,380	2004
\$762,779	2003
\$607,288	2002
\$202,783	2001
\$175,789	2000

See the Company's response to AG-4-6 for copies of the calculations.

The entry to record the 2004 capitalization is as follows:

CWIP Account 107	\$746,380
Admin expense transferred Account 922	\$746,380